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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 000848

SIPDIS

NEA FOR FRONT OFFICE AND NEA/IPA; NSC FOR SHAPIRO/KUMAR;  
TREASURY FOR AHERN  
DEPT PLEASE PASS TO USAID FOR ANE/MEA: MCCLOUD/BORODIN  
JOINT STAFF FOR LTGEN SELVA

E.O. 12958: DECL: 05/21/2019

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SUBJECT: PALESTINIAN BUSINESS COMMUNITY PLEASED BY NEW  
GOVERNMENT; CONCERNED ABOUT STABILITY

REF: JERUSALEM 825

Classified By: Acting Principal Officer Greg Marchese for reasons 1.4 (b) and (d)

11. (SBU) Summary: Contacts in the Palestinian business community are generally pleased with the new Palestinian Authority government, but concerned that the timing and method of government formation has deepened political differences. Contacts emphasized the need for the new government to support the private sector and improve the situation on the ground, including paying the next round of civil service salaries on time in the first week of June. End summary.

High hopes, low expectations, deep divisions  
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12. (C) Palestinian business contacts stressed that they need a government that will support the private sector and work to improve the situation on the ground. The new Minister of National Economy, Bassim Khoury, is seen as a definite improvement over his predecessor, who had been forced to manage three Ministries and was widely disparaged among the business community. However, Kareem Shehadeh, head of the Palestinian-American Chamber of Commerce, said Khoury needs strong support from the business community to spur economic development in the West Bank, and from the international community to ease restrictions on access and movement.

13. (C) Nameer Khayyat, Head of the Nablus Chamber of Commerce, noted that several members of the new Cabinet have long-standing business and social relations, which could help them work together. Ismail al-Jebrini, owner of a dairy company in Hebron that supplies the PA Security Forces, said the PA owes him around USD 175,000, and hopes the new government will succeed in raising money to pay its bills.

14. (C) Hebron businessman Amer Osaily said many Hebronites are discouraged by divisions within the Palestinian leadership. Although some new Ministers are capable and respected individuals, he said there is a growing bitterness that "Ramallah" and "Gaza" are unable to come together, and that the split within Fatah has grown deeper. Samir Hazboun, Chairman of Bethlehem Chamber of Commerce and a Fayyad supporter, noted ironically that, for the first time, members of Fatah and Hamas agree on something -- the refusal to accept this government.

Union reaction  
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15. (C) The Chairman of the PA Public Union, Bassam Zakarneh, told EconSpecialist that, despite Fatah PLC calls for a boycott, the Union will continue to work with the new government for the benefit of PA employees. Zakarneh, who has battled with Fayyad repeatedly over the past two years over civil service pay issues, said that Fayyad has strong international support, but claimed he lacks political support at home.

Gaza reaction  
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16. (C) Gazan businessman Abu Hashim al-Khozendar said that the average Gazan does not see the new government as significantly different from the previous one. However, the timing of the government formation is viewed as deepening the split between the West Bank and Gaza. Other contacts in Gaza echoed the sentiment that Abbas should have let the reconciliation talks fail or succeed before installing a new government.

Time to deliver  
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17. (C) Many business sector contacts who have been consistently supportive of Fayyad lament that he has been unable to translate his security and economic accomplishments into greater public support. They noted that, over time, they have gone from working to support Fayyad's efforts to having to defend them. There is a strong sense that the ability to pay salaries on time in the West Bank and Gaza in

JERUSALEM 00000848 002 OF 002

early June will be an important test for the new government.  
MARCHESE